

1938.

NEW ZEALAND.

PUBLIC SERVICE COMMISSIONERS

(TWENTY-SIXTH REPORT OF THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

To His Excellency the Right Honourable George Vere Arundell, Viscount Galway, Member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Distinguished Service Order, Officer of the Most Excellent Order of the British Empire, Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies.

MAY IT PLEASE YOUR EXCELLENCY,—

As Commissioners under the Public Service Act, 1912, appointed in terms of section 41 of the Finance Act, 1936, we have the honour to submit the following report as required by section 15 of the Public Service Act.

REPORT.

THE Public Service Act, 1912, came into operation on the 1st April, 1913, so that the year covered in this report is the twenty-fifth since the Public Service of New Zealand was given into the control of Commissioners. A quarter of a century has therefore passed since, what was then, a radical alteration in the method of administration was brought about. There is now nothing tentative or experimental about Commissioners' control. We believe that the system has been completely justified by the improvement it has wrought in the Public Service, improvement that is now scarcely realized except by keen students of administrative problems, because the change has come about over a period of years. A new generation of public servant has arisen, grown up, and been developed under the present system, largely insensible of the fundamental changes that have come to the Public Service since a unified control was instituted.

The justification of the change does not rest alone upon the greatly improved effectiveness of the Service, but upon the comparative contentment that reigns throughout the whole organization. If we are to believe, as we are entitled to, the accredited representatives of the personnel of the Service—the Public Service Association—the system of Commissioner control is firmly entrenched, and their only concern is lest it should in any way be disturbed or interfered with or weakened. During our extensive tour throughout the country last year, when we met hundreds of individual public servants, their representatives, and their organizations, we could not fail to observe and be impressed by the deep and unrestricted confidence that is reposed in the controlling authority. If this feeling is displayed more in one class than in another it is shown among the older officers who had experience of the more or less chaotic state of affairs that ruled in the Public Service before the Royal Commission in 1912 investigated the causes of unrest and dissatisfaction of the officers themselves and the defects in the administration of the Service.

The occasion of this twenty-sixth annual report is therefore an appropriate one in which to recapitulate briefly the principal advantages that have accrued to the State and Service alike since the Act of 1912, which ordained that from thence forward

the control of the Service should change from political to non-political by the appointment of Commissioners by the Governor-General.

The Royal Commission attributed most of the defects in the Public Service to a lack of uniformity, and, in order to achieve a unified and central control, declared that the first duties should be :—

- (1) To prevent irregular methods of entry into the Public Service.
- (2) To promote officers within the Service and transfer them freely between Department and Department.
- (3) To value every position and pay officers salaries commensurate with their responsibilities.

On the appointment of the Commissioners their attention was immediately directed to giving effect to the principles established by the Commission and adopted by the Act of 1912. In the first few years they were able to eliminate almost entirely the main causes of unrest and inefficiency. No longer did a group of officers in one Department observe with irritation that a group of similar status, and performing similar work in another Department, was receiving considerably more by way of remuneration than was the former. No longer did they find their hopes and ambitions of promotion cut off by the introduction of strangers from outside the Service. The practice by which they were debarred from entering any Department other than the one to which they had committed themselves as boys when they left school was abolished. Their positions were classified, they knew exactly where they stood in the Service in relation to others, and they saw the way along which they might earn their promotion. In a brief summary we can say that the main advantages that have accrued to the Public Service and directly to the State as a result of the enactment of the Public Service Act and the appointment of Commissioners have been as follows :—

- (1) The grading of the Public Service has been placed on a basis which has resulted in a higher standard of efficiency. Examination status determines the right of entry, which gives an equal opportunity to all to enter and to proceed from the lowest to the highest positions by merit and ability.
- (2) It opens the avenues of promotion by enabling the interchange of officers between one Department and another, and thereby creates a healthy rivalry among officers of the whole Service.
- (3) A regular system of classification of officers is instituted which fixes their salaries in accordance with the value of the duties they perform and gives them regular increments of salary up to the determined maximum, subject to their good conduct and efficient service.
- (4) The revaluation of positions that have increased or decreased in value is allowed, and a general regrading of the whole service at intervals of not more than five years is provided for by the legislation.
- (5) Vacancies within the Service are notified to officers, thus affording them the opportunity of applying if they so desire.
- (6) What is exceedingly important to every officer in the Service is the protection afforded by right of appeal to an independent tribunal in respect of the grading of his position or against his non-promotion, and also against any penalty that may have been imposed upon him.
- (7) The Commissioners are able to ensure that measures for economy and efficiency are applied to the Service as a whole, or to any section of it.

A very definite advancement was made in the administration of the Public Service by the passing of the Public Service Amendment Act of 1927. This Act was brought into force after fourteen years of experience of the operation of the original Act and after very careful consideration of the principles embodied therein. The outstanding feature of the amending Act was section 8, whereby the principle was enunciated that promotion of officers in the Service should be determined primarily by their relative suitability and efficiency. So important is this principle that we have taken the opportunity later in this report to enlarge upon it at some length.

REGRADEING OF PUBLIC SERVICE.

Since control of the Public Service by Commissioners was instituted in 1913 the Service has been regraded five times. The last regrading, which was in process when we last reported, was one of unusual magnitude. In the first place, the quinquennial interval had been extended to eight years; and, again, during that period there had occurred remarkable changes and expansion in the Public Service

which necessitated the closest examination into the organization, establishment, and personnel of Departments, particularly in view of the widely diversified new activities now coming within the scope of the Public Service.

The actual process of regrading was conducted in four stages. First, an exhaustive report on the work performed, ability and efficiency, and general personality of each officer was furnished by local controlling officers. These reports were correlated by Head Offices and finally carefully examined by the Commissioners. The second step was to institute a Dominion-wide inspection by the Inspectors attached to the Commissioners' Office, when, as far as possible, every officer was interviewed and the value of his work assessed. Then the Commissioners themselves visited all main centres and all but a very few of the outlying districts, not so much to make an active inspection but rather to afford every officer who desired to do so an opportunity to make any representations he desired affecting his employment. Each interview was recorded, and either immediately or subsequently investigated. We believe that the tour was valuable in its results not only to the officers themselves, but also to the administration. The final stage of regrading was a conference between the Commissioners, and their Inspectors, and the Permanent Heads of each Department, when the Department as a whole, and officers individually, were comprehensively reviewed.

We believe that the task of regrading has never been entered into more thoroughly, and we think the results have been received with general satisfaction. Every officer has the knowledge that his case has not been superficially disposed of, but that his own claims have been heard and the comparative value of his services conscientiously estimated.

To some, regrading may have proved a disappointment because of a quite erroneous assumption that regrading was synonymous with general elevation of salary scales and salaries. That belief is, of course, quite wrong. Regrading, when it results in an increase in salary to an officer or class of officer, generally means that the Commissioners have found that the work performed by such officers has increased relatively in value. The purpose of regrading, in other words, is to allocate officers to such grades and classes as will provide salaries commensurate with the responsibility of the duties devolving upon each. A general improvement in salary scales is dependent to a large extent on improved conditions or increase in the cost of living. Take, for example, Class VII, the lowest grade of the Professional and Clerical Divisions. The maximum of that class was fixed in 1920 at £320, when, according to the figures supplied by the Government Statistician, the cost of living of all groups stood at 62·3 per cent. above the level of July, 1914. Prior to the present regrading the same class stood at £295, when the increase in the cost of living was shown at 50·2 per cent. Nevertheless, the Commissioners found themselves justified by other factors in recommending certain improvements in Class VII, by increasing the maximum from £295 to £305, and by reducing the number of steps by which this maximum may be reached. Now a cadet joining the Service may proceed from £80, his commencing salary, to £305 in nine years.

When the Commissioners were considering the matter they had before them the following table showing a comparison between the clerical scales of salaries payable in the Public Service and the average payable under the then ruling clerical awards :—

						Public Service.	Clerical Awards.		
						£	£	s.	d.
First year	..	..	..	..	..	80	60	13	0
Second year	..	..	..	..	..	95	83	14	0
Third year	..	..	..	..	..	115	108	13	0
Fourth year	..	..	..	..	..	155	142	2	0
Fifth year	..	..	..	..	..	180	170	9	0
Sixth year	..	..	..	..	..	205	197	7	0
Seventh year	..	..	..	..	..	230	222	12	0
Eighth year	..	..	..	..	..	255	250	7	0
Ninth year	..	..	..	..	..	280	260	1	0
Tenth year	..	..	..	..	..	305	272	9	0
Eleventh year	..	..	..	..	..	305	279	5	0
Twelfth year	..	..	..	..	..	305	283	9	0
Thirteenth year	..	..	..	..	..	305	285	16	0

Although it is true that some variation has taken place since, that was the position at the time. Taking into account that generally a higher standard of education and work is required in the Service it was felt that the improvement over award rates was warranted.

In addition, the requirements for promotion from Class VII to Class VI have been eased, the general principle has been established that an officer whose conduct and work are good may proceed to Class VI after standing two years at the maximum of Class VII. Of course, the outstandingly able and efficient officer may make accelerated progress, by earning double increments through the lowest grade, and quicker admission to the next grade. The new scales for the Clerical and Professional Divisions authorized by the Governor-General in Council are published below :—

Scales for Professional and Clerical Divisions before and after Regrading, 1st April, 1937.

Class.				Subdivisions.									
				1st.	2nd.	3rd.	4th.	5th.	6th.	7th.	8th.	9th.	10th.
<i>Previous Scales.</i>				£	£	£	£	£	£	£	£	£	£
Professional—													
A	..	..	..	615	665	715	..	..	..	..	..	..	..
B	..	..	..	515	540	565	590	..	..	..	..	..	..
C	..	..	..	445	470	490	..	..	..	..	..	..	..
D	..	..	..	335	355	380	400	425	..	..	..	..	..
E	..	..	..	230	250	275	295	320	..	..	..	..	..
F	..	..	..	80	95	115	135	155	190*	210	..	..	..
Clerical—													
Special	..	..	..	665	715	765	..	..	..	..	..	..	..
I	..	..	..	540	565	590	615	..	..	..	..	..	..
II	..	..	..	490	515	..	..	..	..	..	..	..	..
III	..	..	..	445	470	..	..	..	..	..	..	..	..
IV	..	..	..	400	425	..	..	..	..	..	..	..	..
V	..	..	..	355	380	..	..	..	..	..	..	..	..
VI	..	..	..	275	295	320	335	..	..	..	..	..	..
VII (a)	..	..	..	275	295	..	..	..	..	..	..	..	..
VII (b)	..	..	..	210	230	250	..	..	..	..	..	..	..
VII (c)	..	..	..	80	95	115	135	155	190	..	..	..	..
<i>Present Scales.</i>													
Professional and Clerical—													
Special A	..	..	..	765	..	..	..	..	..	..	..	..	..
Special B	..	..	..	715	..	..	..	..	..	..	..	..	..
Special C	..	..	..	665	..	..	..	..	..	..	..	..	..
I	..	..	..	540	565	590	615	..	..	..	..	..	..
II	..	..	..	490	515	..	..	..	..	..	..	..	..
III	..	..	..	445	470	..	..	..	..	..	..	..	..
IV	..	..	..	400	425	..	..	..	..	..	..	..	..
V	..	..	..	355	380	..	..	..	..	..	..	..	..
VI	..	..	..	280	305	320	335	..	..	..	..	..	..
VII	..	..	..	80	95	115	155	180	205*	230	255	280	305

* Efficiency bar.

Over and beyond the improvement referred to in the clerical scales, many improvements were made in a variety of scales appertaining to the General Division. The Commissioners were convinced, as a consequence of personal inspection and study, that in several branches of this Division the services performed had not been fully rewarded.

We have had occasion in previous reports to refer to the inadequate remuneration of administrative officers. This is a matter for Government, and we are gratified to be able to observe that, in conjunction with regrading, a review of salaries of the administrative officers took place, with the result that a considerable improvement was made. We feel, however, that the wide difference between the emoluments of these officers and those ruling for comparable positions outside the Service should

be reduced still further. We hold strongly to the view that administrative posts can, and should, be graded in the same way as any other post instead of being left to the present uncertain methods. As it is, the comparison is rendered even more unfavourable when the appointment of a person from outside the Public Service is made or when a skilled professional recruit is sought.

REGRADING INSPECTIONS.

It was not possible in last year's report to deal exhaustively with the matters arising from the regrading inspections. Emphasis has been given to certain points of weakness by the experience of cases coming before the Board of Appeal. It will therefore be of interest to further discuss certain points arising.

Office Establishment.

It appears necessary in the larger departments that some system be adopted under which the establishment and allocation of duties in the various district offices should be apparent at a glance in Head Office and should be kept up to date. In those Departments where effect is given to this phase by graphical records there is found a more intimate knowledge of the duties and individuals comprising the Department. It is not necessary that elaborate machinery should be set in process, but it is vital that in each Head Office there should be proper appreciation of the duties performed by the individual officers in the districts. It is also necessary that steps should be taken to ensure that officers whose designations are similar, should, in the absence of very special circumstances, have delegated to them similar duties. Too frequently is the claim made by officers that they are performing duties which do not usually fall to the lot of officers holding similar positions in other centres. Much heart-burning has been caused amongst officers deemed to be in equivalent positions carrying out widely different duties. There is also difficulty when questions of transfer arise. Many difficulties of this type have been straightened out as a result of the regrading.

Controlling Officers.

In some cases it was found that there was a lack of appreciation by controlling officers of their responsibilities. Generally there was no uncertainty as to their privileges, but the same could not be said for their knowledge of the liability which those privileges carried. Unless junior members of the staff feel that their controlling officers take a live interest in their work and training, unless they feel that their seniors have a higher appreciation of them than as mere cogs in the machine, unless they are assured that in any critical matters they will be adequately supported in action properly taken, the *esprit de corps* so vital in an effective organization will be lacking.

One Service.

It should not be out of place in a report of this nature to call attention to the fact that the various Departments under the control of the Public Service Commissioners constitute one Service. There is, in some quarters, a tendency to regard some Departments as water-tight and to overlook the fact that the closer the co-operation existing between Departments the more effective will be the service rendered. This is one of the reasons why provision exists in the Public Service Act for an interchange of officers between Departments, and any suggestion that one Department is functioning as an entirely separate entity is to be strongly discouraged.

Mortgage Relief Acts.

It is noticeable that, due to the great increase of work that has been occasioned temporarily by the various mortgage relief Acts, the staffs in several Departments have substantially increased. The work under the Mortgagors and Lessees Rehabilitation Act should be finalized during the current financial year and it should then be possible to release from the Departments affected trained staffs for transfer to other Departments. The position is being closely watched, and as the work finishes in certain centres the existing staff will be reviewed to ensure that only sufficient officers are retained for the activities of the Department.

Departmental Activities.

It is pleasing to be able to record that, more and more, are solicitors and the general public coming to consult Departments in the specialist matters being administered by them. This is properly the functions of the various Departments, and the acknowledgment of assistance by outside interests will help considerably to maintain the prestige of the Service.

Annual Reports on Officers.

The form of annual report adopted by the Commissioners and introduced in 1935 has proved very satisfactory in practice, and the reports on officers furnished at the end of each year have been of considerable benefit in providing the Commissioners with up-to-date knowledge of the officers of various Departments under their control and the manner in which such officers are carrying out their duties. Ability and merit and not mere length of service are the predominant factors in determining promotion, and consequently it is essential that detailed reports on officers should be available to the Commissioners when promotions within a Department or from one Department to another are under consideration.

The system generally is to obtain individual reports from Controlling Officers on members of the staff under their control. These reports, after having been seen by the officers concerned, are forwarded to the Permanent Head for review so that any variation of standard adopted by different Controlling Officers may be smoothed out before the reports are submitted to the Commissioners. It is obvious, therefore, that there are two fundamental requisites of efficient reporting under this system. In the first place the Controlling Officers must exercise sound and impartial judgment in determining their markings of individual officers, and in the second place there must be unification of marking standards and correlation of marks at the Head Office of each Department.

Unfortunately, recent experience has proved that while most Departments have endeavoured to fulfil the Commissioners' directions as to the compilation of the reports and some have attained a high standard of equity and uniformity, there are still some Departments where the unification of marking standards is not receiving adequate attention. The result is that an employee serving under a controlling officer with an unduly liberal standard of marking may obtain higher marks than a better officer who is under one with a more conservative standard. In more than one case which came before the Public Service Board of Appeal during the year the Department's summation of an appellant in its submissions to the Board was at variance with successive annual reports on the appellant. Then the Department found itself in the unenviable position of being compelled to admit that it had made no endeavour to unify marking standards.

In a certain Department, which had actually made an attempt at correlation of marks, the results obtained were most unsatisfactory, mainly on account of the fact that the executive officer to whom the task was assigned was out of touch with district office staffs and therefore not qualified to sit in judgment on the markings awarded by District Controlling Officers. In a large Department it is, of course, not always possible to get an officer at Head Office who has a good knowledge of the whole of the staff. Under such circumstances the best plan for attaining uniformity in marking standards is to delegate the duty to a departmental committee of senior officers, one of whom should be the departmental Inspector who in the course of his work comes into contact with the staff at district offices.

It cannot be too strongly advocated that it is essential to correlate the marking throughout each Department. It is manifestly unfair to officers, it misleads the Department, and it is a menace to the Service as a whole to allow this work to be handled in a perfunctory way or with a lack of conscientiousness. No stone should be left unturned to ensure that the preparation of annual reports on officers is done with the utmost thoroughness and faithfulness.

Samoa and Cook Islands.

During the year an inspection was made of the staff at Cook Islands, Niue, and Samoa. The relationship of the Commissioners is defined by section 19 of the Finance Act, 1931 (No. 2):—

19. *Public Service Commissioner to control Cook Islands and Samoan Public Services.*—(1) On and after the first day of May, nineteen hundred and thirty-one, the Cook Islands Public Service and the Samoan Public Service shall be under the control of the Public Service Commissioner, who shall for such purpose with respect to each such service have the powers and authorities and exercise the duties and functions vested in or imposed on him by the Public Service Act, 1912, with respect to the New Zealand Public Service.

(2) The provisions of the Cook Islands Act, 1915, and the Samoa Act, 1921, relating to the Cook Islands Public Service and the Samoan Public Service respectively, shall be read subject to this section.

(3) The Governor-General in Council may from time to time, on the recommendation of and for special reasons assigned by the Public Service Commissioner, exempt any officer or class of officers in either of such services from the operation of this section.

Samoa.—The position at Samoa was somewhat complicated by the necessity for preserving uniformity between the Administration staff and those under the control of the General Manager, New Zealand Reparation Estates. This, however, was achieved and scales applicable to both staffs were adopted.

In Samoa, which embraces the Island of Savaii, there are three staff groups:—

- (1) Officers seconded from New Zealand service.
- (2) European staff, mostly locally enlisted.
- (3) Samoan staff.

The New Zealand officers receive their New Zealand salary plus a tropical allowance and, in some cases, a special allowance in recognition of added responsibility.

The review was aimed at a valuation of the various positions, and a total remuneration has now been approved for each officer on this basis to include all allowances except tropical. This will not, however, affect the substantive grading as disclosed by the New Zealand classification list. The New Zealand salary will be subject to the usual review in conjunction with other officers of the New Zealand Service.

The scales for the European Staff were made after a complete review of rates being paid in the Territory by firms and in sympathy with regrading salaries adopted in New Zealand. There is now ample scope and encouragement for European officers to qualify by examination and otherwise for advancement.

There was evidence that some junior officials had been attracted to the trading firms by the offer of slightly higher salaries. The new scales should prevent this drift.

There is a large Samoan staff, particularly in the Education Department. It was particularly for this group that a strong effort was made to adopt a standard which could be applied to New Zealand Reparation Estates, Niue, and Cook Islands. This has been done and should in future work without anomaly.

The policy of the Administration is towards the education and encouragement of Samoan employees in qualifying and for accepting positions carrying greater responsibility.

It becomes increasingly evident that the appointment of officers to the Samoan and other Island Administrations for short terms is not in the best interests of the work. By the time officers reach their maximum usefulness their term of three years is completed. It should not be difficult to find men who are prepared to make the Island Administration their life work provided the salary inducement is forthcoming, and some such arrangement will have to be made.

Representation was made by a number of officers for an increase in the tropical allowance which is granted to seconded officers in order to cover the difference in the cost of living. Very full information has been collected and a complete review of this allowance should shortly be finalized. Comparison is being made with New Zealand and Rarotongan costs.

New Zealand Reparation Estates, Samoa.—A visit was made to each of the plantations within reasonable access of Apia. The salaries now approved have been based upon uniformity of standard with the Administration and with the staffs of other Islands. Although the Administration and Reparation Estates are separately controlled, close co-operation is necessary, and uniformity of salary scales is therefore essential.

The Public Trust work has now been transferred from the Administration to the Reparation Estates under the direct control of the Accountant.

Cook Islands.—This group was visited by Mr. J. H. Boyes, Public Service Commissioner, together with an Inspector (Mr. S. Roberts) and the Assistant Secretary, External Affairs and Cook Islands Department (Mr. A. B. Ross). It was not possible to visit the outer Islands, but a complete inspection was made at Rarotonga.

There are two staff groups in the Cook Islands—European and Rarotongan—and it was found possible to apply the scales previously approved for the Samoan staff. This should make for uniformity and should also permit an interchange of European officers where such a course is desirable. It was found that at some points there was need for change in the office systems being used, and the necessary steps have been taken.

Some staff adjustment was also made.

Niue.—This Island was visited by a Public Service Inspector and the Assistant Secretary, External Affairs Department. The staff under the Resident Commissioner is relatively small and consists of two groups—Europeans and Niue-Islanders. Here again the scales adopted for Samoa were applied.

EXPANSION OF THE PUBLIC SERVICE.

References are constantly being made in the press and elsewhere to the ever-increasing number of persons who are servants of the State. Criticism is made that the increase is in part due to extravagant administration of the Service. We are convinced that the Service is efficiently and economically run. The great demand for increased social services, the betterment of working-conditions inside and outside the Service, the renewed activity in the development of the Dominion, and the entry of the State into commercial realms are some of the main reasons for the growth of the Public Service. Any curtailment of expenditure in this connection is a matter of Government policy. It may, however, be stated that once a service to the public has been instituted by the State any move to afterwards withdraw such service will be met by bitter opposition from the persons benefiting directly or indirectly by the action of Government.

The expansion of the Public Service over the past twelve months is dealt with hereunder by various headings :—

(a) Social Services.

	1st April, 1937. *			1st April, 1938. (Provisional.)		
	Permanent.	Temporary.	Total.	Permanent.	Temporary.	Total.
Education (excluding teachers) ..	280	151	431	303	159	462
Health	430	172	602	485	190	675
Labour	332	629	961	412	587	999
Mental Hospitals	1,508	45	1,553	1,430	46	1,476
National Provident	35	18	53	33	19	52
Pensions	157	101	258	170	106	276
Broadcasting	90	110	200	97	74	171
	2,832	1,226	4,058	2,930	1,181	4,111

In the Health Department more than the usual annual quota of probationer dental nurses were appointed in an endeavour to make up the leeway of depression years, when appointments ceased. With the improvement in economic conditions many of the trained staff tendered their resignations, in practically all cases on

account of marriage. The sudden loss of efficient staff was severely felt, so much so that the Commissioners agreed to the re-employment in a purely temporary capacity of several former State trained dental nurses who had left the Service on account of marriage. By the acceleration of appointments it is hoped that the lack of suitably trained staff will shortly be met.

Recent legislation has placed additional work on the Pensions Department and has resulted in accretion to the staff of that Department.

(b) Development Services.

	1st April, 1937.			1st April, 1938. (Provisional.)		
	Permanent.	Temporary.	Total.	Permanent.	Temporary.	Total.
Agriculture	537	235	772	588	326	914
Industries and Commerce, Tourist and Publicity	150	104	254	162	158	320
Lands and Survey .. .	543	157	700	582	183	765
Mines .. .	57	15	72	61	18	79
Primary Products Marketing ..	30	129	159	33	142	175
Public Works .. .	835	1,051	1,886	905	1,533	2,438
Scientific and Industrial Research ..	121	99	220	157	132	289
State Forests .. .	100	81	181	109	70	179
	2,373	1,871	4,244	2,597	2,562	5,159

Great activity in the development-work of the Dominion has reflected itself in the increase in the number of employees in the service of the above Departments. Many departmental activities which were dormant during the depression years gained new life with the improvement in economic conditions. The institution of the forty-hour week has also been responsible in part for the increase shown. In some respects the growth in the Public Works Department's temporary staff is more apparent than real. Groups of employees previously not regarded as coming directly under the control of the Public Service Commissioners have now been brought under their jurisdiction.

(c) Trading Services.

	1st April, 1937.			1st April, 1938. (Provisional.)		
	Permanent.	Temporary.	Total.	Permanent.	Temporary.	Total.
Government Insurance .. .	112	32	144	109	23	132
Public Trust .. .	759	228	987	771	213	984
State Advances .. .	315	228	543	394	460	854
State Fire Insurance .. .	139	54	193	146	54	200
National Commercial Broadcasting ..	..	..	..	24	243	267
	1,325	542	1,867	1,444	993	2,437

Rapid expansion of the staff of the State Advances Corporation was unavoidable owing to the transfer from the Lands and Survey Department of mortgages vested in the Crown in respect of advances made to discharged soldiers under the authority of the Discharged Soldiers' Settlement Act, 1915. The passing of the Mortgagors and Lessees Rehabilitation Act, 1936, resulted in great increase of work of a temporary nature in this Department. The housing policy of the Government

is also associated with the State Advances Corporation. Increased staff was necessary to cope with additional work arising from these activities.

The assumption by Government of commercial broadcasting throughout the Dominion necessitated the employment as at 1st April, 1938, of 267 employees.

Salaries of employees engaged in trading services are not a direct charge on the Consolidated Fund.

(d) Administration, Law, and Order, &c.

			1st April, 1937.			1st April, 1938. (Provisional.)		
			Permanent.	Temporary.	Total.	Permanent.	Temporary.	Total.
Air (civilian staff)	..	..	9	..	9	19	11	30
Army (civilian staff)	..	..	28	132	160	30	147	177
Audit ..	..	..	181	4	185	191	4	195
Census and Statistics	..	..	65	69	134	66	36	102
Crown Law ..	..	..	7	3	10	8	2	10
Customs ..	..	..	369	21	390	384	26	410
External Affairs	..	..	8	4	12	14	5	19
Internal Affairs	..	..	211	142	353	228	176	404
Justice and Prisons	..	..	543	117	660	586	99	685
Land and Deeds	..	..	120	26	146	119	31	150
Land and Income Tax	..	..	329	59	388	368	104	472
Marine ..	..	..	173	13	186	181	17	198
Native ..	..	..	155	105	260	178	152	330
Navy (civilian staff)	..	..	19	..	19	22	30	52
Police (clerical) ..	..	..	8	1	9	8	1	9
Prime Minister's	..	..	5	..	5	8	..	8
Printing and Stationery	..	..	262	9	271	259	9	268
Public Service Commissioners	..	..	10	..	10	12	..	12
Public Service Superannuation	..	..	8	4	12	8	4	12
Stamp Duties ..	..	..	75	11	86	80	15	95
Transport ..	..	..	35	63	98	44	104	148
Treasury ..	..	..	77	20	97	97	32	129
Valuation ..	..	..	84	43	127	88	45	133
			2,781	846	3,627	2,998	1,050	4,048

Expansion in the above branches of the Service is a natural concomitant of the normal development of the country. Expansion, however, has been accelerated during the past year or two by the enactment of legislation. The formation and development of the Air Department has necessitated the appointment of civilian staff as shown. Sales-tax work and the reduction of working-hours of the outside staff of the Customs Department could be met only by increasing the number of officers in this Department. Some of the additional work thrown on Departments is of a temporary nature and has been provided for by the appointment of cadets to the relieving staff of the Internal Affairs Department. As this temporary work ceases any staff available will be drafted to vacancies in other Departments. The increase in the Land and Income Tax Department is due to the taking over by that Department of all work connected with the collection of employment-tax. It was considered that the assumption of these duties by the Land and Income Tax Department would result in a more efficient check being instituted and would reduce to a minimum the possibility of any overlapping. The Post and Telegraph Department were also anxious to regain the services of their trained officers who were being utilized on employment-tax duties. The staff of the Navy Office was previously shown with the Internal Affairs Department (Relieving Staff), but is now listed separately. Increased activities in Maori welfare, Native-land development, Native-employment schemes, and Native housing have necessitated the increase in staff shown for the Native Department. The campaign for road safety and the transfer of authority from local bodies to the Department made essential the staff increase in the Transport Department.

The following words, quoted in a previous report of the Public Service Commissioners, are again cited as instancing the diversified nature of the duties of Government Departments :—

From being concerned with a limited number of specific functions such as defence, tax-gathering, and the administration of justice, the functions of the Public Service have been extended to cover the protection of the life and health of the industrial workers, public health, and the housing of the people, education, child-welfare, the minimizing of social conflict, the salvaging of the derelicts of society, the transfer and exchange of labour, the promotion of trade, the aiding of commerce and scientific research, the " numbering of the people," the development of afforestation and agriculture, the organization of transport, and a score of others. From being a thing more or less alien to the life of the average citizen it has become a thing that touches every member of the community, both in his public and private life.

The great expansion that has taken place in the functions of Government over past years and the ever-increasing demand for extension of social services can be met only by increasing the number of public servants. Reduction can take place only by a curtailment of these services, and any such action must of necessity be political.

ENTRANCE TO THE PUBLIC SERVICE.

The majority of recruits to the Service enter as cadets in the Professional and Clerical Divisions. They come equipped, in the main, with the University Entrance Examination or higher qualification and are selected in order of merit on the pass-list of each examination, the highest grade examination list being exhausted before commencing on the next examination list. Last year the qualifications of the entrants were :—

Portion of degree or professional examination	51
University Scholarship (credit)	2
Higher Leaving Certificate	52
University Entrance	493
School Certificate Examination	40
Total	638

The total number is the highest in the history of the Public Service. This is a consequence of two chief factors. The first is illustrated in the following table of new appointments to cadetships :—

For year ended—

31st March, 1920	318
31st March, 1921	326
31st March, 1922	170
31st March, 1923	174
31st March, 1924	336
31st March, 1925	357
31st March, 1926	338
31st March, 1927	218
31st March, 1928	167
31st March, 1929	257
31st March, 1930	256
*31st March, 1931	92
*31st December, 1931	35
31st December, 1932	3
31st December, 1933	146
31st December, 1934	207
31st December, 1935	359
31st December, 1936	580
31st December, 1937	638
1st January, 1938, to 31st March, 1938	248

This table shows that for four years (1930 to 1934) recruitment virtually ceased one year and in the other years was considerably below the average needs to maintain the personnel at full strength. This starvation was only a postponement

* At this point returns were altered to cover a calendar year period as showing more accurately the true annual recruitment.

of the normal inflow. When the economy strictures were removed an abnormal demand was made by all Departments to bring their staffs back to requirements. Parenthetically, it may be observed that the most grievous need of the Service to-day is for young men with three to six years' training and experience, but for obvious reasons the need cannot be supplied.

The second reason for this record incoming of youths is the expansion of the Service. The numbers would be high even if we did not have to make good the short supply of the years previously mentioned.

The Commissioners anticipated that the needs of the Service would not be met by the University Entrance Examination list, so they caused to be instituted again the Public Service Entrance Examination, which was discontinued after November, 1931, because it was misleading to hold an examination which purported to give entrance to the Public Service when the Service was not appointing any one who succeeded in the examination. In November, 1937, the examination was held again after a lapse of six years. Of the 1,095 candidates who presented themselves for examination, 662 (including both sexes) passed.

Difficulties are frequently experienced with youths who wish to enter the Public Service but whose parents are willing only that they should take their first appointment in the towns in which they reside. Naturally more cadets are required in Wellington than in all the other centres combined, so that it is not by any means possible in all cases to meet the wishes of parents and youths. The incidence of location is disclosed in the table set out below showing the distribution for last year :—

Wellington	384	==	60·2 per cent.
Auckland	66	==	10·3 „
Christchurch	37	==	5·8 „
Dunedin	16	==	2·5 „
Other towns.. .. .	135	==	21·2 „

The Commissioners, however, are always willing to consider cases where for good reasons it is desirable a boy should return to his home town, and as opportunity permits they are transferred thither.

Incidentally, the convergence of so many youths puts a strain on the available boarding accommodation in Wellington, and our difficulties are intensified for this reason in staffing our Wellington offices.

As will be readily understood, the average age of youths admitted to the Service has increased because of the lethargic tone of the employment market in the depression years which resulted in boys remaining at school rather longer than usual. In pursuance of Government policy for improved adult wages, the following scales now rule in the Public Service :—

(1) £155 per annum at twenty-one years of age, irrespective of service.
This applies to all employees except apprentices.

(2) An increase of £10 in respect of each completed year (up to six) of permanent service at the age of twenty-one or thereafter, *i.e.* :—

(a) £165 per annum at the age of twenty-one years if completed one year's permanent service, or on completion of one year's permanent service if beyond the age of twenty-one.

(b) £175 per annum at the age of twenty-one if completed two years' permanent service, or on completion of two years' permanent service if beyond the age of twenty-one.

(c) £185 per annum at the age of twenty-one if completed three years' permanent service, or on completion of three years' permanent service if beyond the age of twenty-one.

(d) £195 per annum at the age of twenty-one if completed four years' permanent service, or on completion of four years' permanent service if beyond the age of twenty-one.

(e) £205 per annum at the age of twenty-one if completed five years' permanent service, or on completion of five years' permanent service if beyond the age of twenty-one.

(f) £215 per annum at the age of twenty-one if completed six years' permanent service or on completion of six years' permanent service if beyond the age of twenty-one.

The amounts in excess of scale salary necessary to bring remuneration up to the rates mentioned above are granted by way of allowances.

EDUCATIONAL IMPROVEMENT IN THE PUBLIC SERVICE.

Any reference to this subject invariably provokes public criticism in certain quarters. It appears to be assumed by some that a University training obtained before entry to the Public Service must be regarded as of more value than if acquired after appointment. Quite a large number of graduates are appointed to the Service, but the Commissioners do not subscribe to the opinion that because they qualified before entry they are necessarily better equipped than those who graduated after entry to the Service. While the Commissioners encourage officers in many ways to undertake university studies, there are comparatively few opportunities of admitting to the Public Service students who have secured what may be termed a “cultural” degree. There are wide and varied careers open to the specialist-degree holder, as medicine, engineering, law, commerce, and science; in fact, in some few of these we are short of recruits. The Public Service of New Zealand has developed mainly on the lines that it trains and produces its own administrators, but it does expect that its officers will equip themselves to better adorn administrative positions by study prior to and subsequent to entering the Service and that the study should be a continuing process. It is quite wrong that an officer should rest content when he has passed a series of examinations. He should be continually striving to fit himself for higher positions.

We learn with pleasure that Victoria University College is establishing a Chair in Public Administration. We hope that thereby there will be created a valuable accessory to the Public Service in this Dominion and that a wider and more intimate knowledge of the problems and functions of administration will be disseminated among our future administrators.

It is gratifying to observe the success of our officers in the University examinations this year.

A summary of such successes is as follows:—

Ph.D.	..	..	..	..	..	1
B.A., M.A.	..	..	..	..	..	10
B.Sc., M.Sc.	..	..	..	..	..	3
Law Prof., LL.B., LL.M.	..	..	..	..	..	13
Accts. Prof., B.Com., M.Com.	..	..	..	..	..	67
B.E. ..	..	..	..	..	..	2
Other degrees and diplomas	..	..	..	..	..	8

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To illustrate the fact that the Public Service is a prolific employer of the products of our Universities, we set out a summarized list of graduates who have been recruited to the Public Service during the past ten years and who are still employed therein:—

B.A. (38), M.A. (42)	..	..	..	..	..	80
B.Sc. (54), M.Sc. (62), D.Sc. (3)	..	..	..	..	..	119
LL.B. (22), LL.M. (13), LL.D. (1)	..	..	..	..	..	36
B.Com. (8), M.Com (8)	..	..	..	..	..	16
B.E. ..	..	..	..	..	..	59
B.Agr. or B.Agr.Sc. (38), M.Agr.Sc. (10), D.Agr. (Berlin), (1)	..	..	..	..	..	49
B.H.Sc. (1), M.H.Sc. (2)	..	..	..	..	..	3
B.Sc. (For.), or B.For.Sc.	..	..	..	..	..	7
B.Arch.	..	..	..	..	..	8
B.V.Sc.	..	..	..	..	..	7
B.D.S. (5), D.D.S. (2)	..	..	..	..	..	7
Mus.B.	..	..	..	..	..	1
M.Ed.	..	..	..	..	..	1
M.Litt. (1), Litt.D. (1)	..	..	..	..	..	2
Ph.D.	..	..	..	..	..	12
M.R.C.V.S.	..	..	..	..	..	13
Medical Degrees (M.B., Ch.B., M.D., &c.)	..	..	..	..	..	31

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This list takes no account of the many who have graduated after admission to the Service and many others who are possessed of diplomas and professional qualifications obtained at Universities, or under the ægis of chartered institutions—*e.g.*, Institute of Civil Engineers, Institute of Mechanical Engineers, Institute of Electrical Engineers, Institute of Actuaries, Institute of Cost Accountants—but which have not the status of a degree.

EFFICIENCY TESTS FOR OFFICERS.

During the course of the year regulations were published which provided for the examination of certain classes of officers in the General Division with the object of testing their comparative efficiency in the duties they are engaged upon and of their fitness to move to more advanced positions in the same class of work. During recent years there has been developing an ever-increasing responsibility that some classes of General Division officers are called upon to bear, and greater technical knowledge and skill that they are expected to have at their command. Salaries have increased commensurately until, in some instances, rewards are being paid as high as can be earned in the Professional and Clerical Divisions. In the latter two Divisions, particularly in the Professional, officers, before they can even enter or go beyond specified salary points, have to qualify academically. We have reached the conclusion, therefore, that if we are to maintain a high standard of efficiency among officers in the General Division whose duties are in their nature technical, the time has come when they should be put to the test to show their fitness for moving on to senior positions.

We believe that this course is essential in the interests of good service to the State, as in many cases the public and Government alike are relying upon these officers for sound and skilful advice. It is for the good of the Departments that tests should be imposed as providing another guide to well-reasoned selection of staff for promotion, and as providing an impetus and necessity for training staff on lines well conceived and planned. It should enhearten the officers, being an earnest of the Commissioners' desire that only officers who are thoroughly acquainted with their immediate and future duties and the functions, practice, and procedure of their Department will be considered for advancement.

The proposal is further justified on the grounds of equity. If we expect and demand professional and technical and even specific departmental qualifications shall be held by officers in other Divisions, then it is equitable that similar tests should be instituted for senior General Division officers advancing mainly along similar salary steps.

At the present moment the Commissioners are engaged, in conjunction with departmental officers, upon the preparation of syllabuses. It is our intention when the present series is set in train to consider the extension of the principle to other classes of the General Division, and also to the Clerical and Professional Divisions.

The Commissioners have been pleased to co-operate in instituting an alternative test for that class of officers who are engaged in the valuation of land or in farm-management. This is a large and important group that functions in varying degrees in several departments. They are concerned with large assets of the State in land and stock. Much reliance must necessarily be placed upon their advice by Government and farmer alike.

There has been instituted at Canterbury Agricultural College, Lincoln, a post-graduate course in valuation and farm management and, with the approval of Government bursaries have been awarded to selected officers to enable them to take that course. The subjects provided for are farm-management, field husbandry, animal husbandry, farm book-keeping, surveying and building construction, and agricultural law, the college dealing with the course in a practical manner so that an officer will be better equipped for his daily tasks. On the successful conclusion of the course the college awards a diploma, which the Commissioners will accept as a test of an officer's efficiency.

PUBLIC SERVICE SUPERANNUATION.

In previous reports we have referred to what we consider defects in the provisions for superannuation to public servants. In our opinion, the outstanding matters which require consideration are :

- (a) The removal of the pension limitation of £300 per annum which applies to all officers joining the Service after the 24th December, 1909 :
- (b) The provision for joint life and survivor pensions in the case of married officers :
- (c) The calculation of the retiring-allowance on the average salary for the last ten years of service instead of three years as at present.

In regard to (a), it is obvious that dissatisfaction is caused by the provision that officers joining subsequent to 24th December, 1909, are compelled to contribute to the Fund on the basis of their full salary while their pension is limited to £300, irrespective of the value of their contributions. Another and more serious effect of the limitation is in the matter of obtaining professional officers and experts to fill some of the higher positions in the Service—*e.g.*, Medical Officers of Health, Medical Superintendents of Mental Hospitals, actuaries, scientific officers, veterinarians, and others. It has been found by experience that many prospective applicants do not proceed with their applications when they ascertain that their maximum pension on retirement from the New Zealand Public Service would be £300 per annum, and, moreover, that they would be required to pay contributions based on the actual salary received.

In regard to (b), in the event of an officer dying his widow's pension is limited to £31 per annum. It has been suggested that in such cases it would not be unreasonable to allow contributors the option of exchanging the normal retiring pension for a joint life and survivor pension payable till the death of the last survivor, husband or wife, or, alternatively, a pension payable to the husband and automatically continuing on half-rates to his widow. The position may be somewhat improved under the proposed social-security legislation.

In regard to (c), it is suggested that the final average salary basis on which superannuation allowances are calculated should be increased from three to ten years. Actually the method of computing pensions fairest to all officers would be to use the average salary for the whole period of service, which is equivalent to basing pensions on actual contributions to the Fund. This would not necessarily mean reducing the average pensions of officers, as the present rate of one-sixtieth for each year of service would, in an average pension scheme, be increased, say, to a rate of one-fiftieth or even to one-fortieth according to the other benefits and the contribution scale.

DEPARTMENTAL EXAMINATIONS.

In continuation of the system of holding annual departmental examinations, mention of which was made in the last report, to enable officers to qualify under Public Service Regulation 201 for higher positions in the Service, examinations were held in October, 1937, in twenty-one centres. There were eighty-two candidates, of whom thirty-six were successful in passing. In addition, a special examination was held at several centres in March last for Draughtsmen of the Public Works Department. Twenty-three officers elected to sit, and sixteen obtained a pass.

Seven Inspectors of Factories sat for a qualifying examination for promotion within the Labour Department. Three gained passes and one a conditional partial pass. In connection with examinations held for officers of the Lands and Survey Department twenty candidates presented themselves for examination in the Second-class Computers' Examination. Three were successful. Seventeen sat for the Draughtsman's Examination, three of whom obtained First-grade passes and two Second-grade passes. The departmental examination for officers of the Land and Income Tax Department was held again this year. Of the twenty-four officers who sat for the senior examination, twelve obtained a pass. Six officers sat for the junior examination and qualified for a pass.

The Commissioners are appreciative of the assistance rendered by Departments in the matter of undertaking supervision and arranging accommodation for the proper conduct of these examinations. The examinations will be held again this year.

PUBLIC SERVICE EXAMINATIONS FOR SHORTHAND-TYPISTS.

The usual examinations for shorthand-typists were held in November of last year.

The Junior and Senior Entrance Examinations were held in forty-one centres, and there were 1,764 entries, an increase of 125 over the previous year. One thousand and twenty-one candidates were successful in passing the examinations, 724 failed, and 19 did not present themselves.

These examinations are competitive. An order-of-merit list of the successful candidates is prepared for each examining-centre, and appointments to the Service are, as far as possible, made from the local pass-list, candidates who have passed the senior examination being given preference.

The junior examination requires a speed of 80 words a minute in shorthand and 30 words a minute in typewriting, while the senior speeds are 110 words a minute in shorthand and 40 words a minute in typewriting.

There were 236 entries for the Intermediate and Special Examinations; 95 of the candidates were successful, 137 failed, and 4 candidates absented themselves from the examination.

The requirements of the Intermediate Examination are 130 words a minute in shorthand and 50 words a minute in typewriting, and of the Special Examination, 150 words a minute in shorthand and 50 words a minute in typewriting.

One entry was received this year for the Shorthand Reporters' Examination, but the candidate was not successful in passing. This examination requires a speed of 150 to 180 words a minute in shorthand, with not more than 1 per cent. of error in transcription.

The latter three examinations are used for promotion purposes.

The difficulty referred to last year in supplying Departments with efficient shorthand-typing assistance still exists. The position is particularly acute in Wellington.

INCENTIVE.

Section 8 of the Public Service Amendment Act, 1927, which enables the Commissioners to promote officers, irrespective of every other consideration save merit, is generally looked upon as being written into the law of the country for the sheer purpose of ensuring that its most capable officers shall come to the top and thereby ultimately lift the efficiency of the Service to greater heights than ever before.

While that is a true interpretation, it is not the whole truth. There is a far deeper and more vital purpose underlying this statute.

As an organization of such ramifications and complexities as the Public Service grows in size, as it is made more secure as a career for its component officers, the greater becomes the tendency towards a deterioration in incentive. The greater the numbers, the vaster is the amount of routine work and more numerous the officers engaged therein; consequently the more acute becomes the peril of destroying the incentive of men to develop their talents and capabilities in the service of the State.

We conceive it to be a very important function of ours, as Commissioners, to keep alive and vital the incentive of the officers under our control. For this reason we would like to vividly bring to the notice of the Service the underlying value of the statute which declares merit to be the true test for advancement.

It must always be our concern to see that there are wholesome incentives to induce officers to give of their best in the interests of the State. One of the chief motives that keeps an ordinary man working diligently is fear—fear of losing his job. That incentive does not operate with any strength in the Public Service. There is an idea that men work for money alone. That is so false that it need not be discussed. A variety of motives may influence a man—ambition, self-assertion, desire for power, service, and good craftsmanship may all be springs of endeavour.

It is certain, however, that the fundamental driving force of the will to work arises from the knowledge that a man is being treated as an individual. To feel that one is a cog in a machine, a mere item on a staff list, is to deaden the desire to excel.

With an understanding of this it is amply displayed to the Service that every man is considered on his merits. His work and character are reported on by his Controlling Officers, inspecting officers from his own office and from the Commissioners' Office do likewise, and periodically officers have the opportunity of interviewing the Commissioners themselves. All this is done not with any restrictive objects, but that every officer under our control may have the sense that everything about him that concerns his service to the State is being conscientiously appraised so that his services may be fully utilized as time and opportunity permit.

We believe that in the interests of contentment of officers themselves and of the State the promotion system must not ignore the necessity for incentive. Merit must count.

To advance by seniority is to blunt the keen edge of endeavour, to spread throughout the whole State Service the dullness induced by the sense that it is just a mechanical arrangement that no amount of striving will surmount.

There are two prime causes of maladjustment in the individual and of inefficiency in the organization—one is undue retention on a routine job of men who are competent and qualified for higher status work; the other is the elevation of men to positions beyond their capacity.

So section 8 comes to be a basic law not only because we seek the efficiency of the Service, but because it represents the mainspring of human incentive and the well of contentment.

PROBATION.

It is a salutary and necessary power conferred upon the Commissioners that a period of probation must be served by all new appointees to the Public Service before their appointments are confirmed. Section 39 of the Public Service Act, 1912, provided for a period of at least six months' probation, but after a full experience the time was extended in 1921 to two years.

The arrangement is two-sided in its beneficial effect. Nothing is more unfair to a recruit than to condemn him to a life's work for which his training, temperament, and inclination make him fundamentally unsuited, and if at the end of the extended period of probation he cannot reach a reasonable standard it is mistaken kindness to let him remain in the Service. He may, and no doubt will, succeed in other walks of life. On the other hand, probably nothing puts such a strain on the internal economy of a Department as the irritation and the trials endured in the process of striving to fit a misfit. The Public Service is a large concern, and the fact that a newcomer does not fare well in one corner does not imply that there is no place at all for him. We have consistently striven to give each probationer every possible opportunity of displaying his fitness for one or another of the types of work available, but naturally there are limits to movement of that sort.

We are convinced, however, of the unwisdom of a formal confirmation of appointment. Controlling Officers ought not to take lightly their duty to report faithfully upon the recruits under their charge. It is a disadvantage to the State to retain an unsuitable officer. It is an unkindness to the probationer himself to carry him along the road of his career, knowing that nothing satisfactory can ever be made of him and that in the end disaster may befall him when it is too late to begin again. By such action he may be condemned to a life of mediocrity and drudgery when he might find success and pleasure in his work elsewhere.

Nevertheless Departments have their responsibilities. In committing a young man to them the Commissioners expect he will be adequately trained not only in his actual work, but in the whole organization of which he is a unit. During the whole process the trainee should be kept under rigorous observation and supervision and his future work should be determined by the particular aptitudes he displays.

The total number of misfits is relatively small. It is a matter of experience that in the great majority of cases there is a correlation between success in an examination and potential aptitude for work in the Service.

During the year in only twelve cases was it necessary for the Commissioners to annul the appointments of probationers.

In some cases probationers were permitted to resign.

PUBLIC SERVICE BOARD OF APPEAL.

There were four sittings of the Board during the year ended 31st March, 1938, to determine appeals against non-promotion to advertised positions in the Service.

Eighty-five decisions were given by the Board, as follows—Non-promotion appeals: Allowed, 3; not allowed, 70; do not lie, 1; withdrawn, 11.

There were no appeals before the Board against reduction in status or dismissal from the Service.

An election of officers to represent the Service as members of the Appeal Board, was held in May, 1937, when, as the result of a ballot, Messrs. A. S. Houston (Secretary, Department of Agriculture), and A. E. Reynolds (Clerk of Magistrates' Court, Justice Department, Wellington) were duly elected.

At the beginning of the present year the Chairman of the Public Service Board of Appeal, Colonel J. J. Esson, C.M.G., found it necessary on account of the pressure of private affairs to resign his position. Colonel Esson has for over twelve years ably filled this position with complete satisfaction to all concerned, and his resignation was received with regret. The valuable services rendered by Colonel Esson in this connection were greatly appreciated.

The appointment of a Stipendiary Magistrate to the position of Chairman of the Public Service Board of Appeal has for many years been one of the aims of the New Zealand Public Service Association. Following the resignation of Colonel Esson, Government appointed Mr. W. F. Stilwell, S.M., Wellington, to the position of Chairman of the Board as from 12th February, 1938.

The present constitution of the Board is Messrs. W. F. Stilwell, S.M. (Chairman); J. H. Jerram (Government nominee); A. S. Houston and A. E. Reynolds (representing the Public Service).

The major task of the Board is to deal with some five hundred appeals filed by officers following the issue of the regrading list in December, 1937. The Board commenced its circuit sittings throughout the Dominion to deal with these appeals on 18th March, 1938, and it is not expected to finish its task before the end of August. Before its sessions commenced the Board heard legal argument and decided that certain appeals "did not lie."

Some Points arising out of Appeals lodged in connection with the General Regrading of the Public Service.

Certain notices of appeal lodged by officers against their gradings from 1st April, 1937, as determined by the Public Service Commissioners did not disclose any grounds for appeal. Some dissatisfaction has been expressed by certain officers regarding this matter. It is therefore thought desirable to outline the reasons why such appeals did not lie.

(a) *Date as from which Regradings are Effective.*—Section 21 (2) of the Appropriation Act, 1925, provides that the Commissioners' decision in regard to the date of any regrading is final and conclusive. In this connection it is usual to require officers to serve at their present salaries for twelve months before proceeding to the next salary step, even when advancement to the next salary step involves promotion to another grade. This follows the procedure outlined in section 25 of the Public Service Act, 1912, regarding annual increments.

(b) *Appeals against the Promotion of other Officers.*—In a regrading it frequently happens, that of several officers graded in the same class, the duties and responsibilities of possibly only one or two merit advancement for the officers holding these positions to a higher class. The officers who have not been so advanced have no right of appeal against their non-promotion to the offices regraded as there are no actual "vacancies" and no "provisional appointments"

against which they can exercise a right of appeal as defined by the Public Service Amendment Act, 1927. To avoid hardship to officers passed over in this manner the usual course followed is to declare the regraded positions vacant and invite applications from officers concerned. When appointments are made any unsuccessful applicant has the right of appeal. This course was followed in many instances during the last regrading.

(c) *Appeals by General Division Officers to vary the Salary or Salary Scales as determined by the Commissioners.*—Officers of the General Division have the right to appeal against their grading, but such grading must be within the limits of any scale or scales of salaries determined by the Commissioners under section 22 (2) of the Public Service Act, 1912. Although this opinion has caused some heart-burning in the ranks of General Division officers, it is only right to point out that this agrees with the position existing in both the Post and Telegraph and Railway services. Any decision of the Board of Appeal altering a scale for General Division officers beyond the limits defined above might have far-reaching results. For example, Government agreed that the correct rate of pay for a permanent staff tradesman in the State services was £275 per annum. It should not be possible for the Public Service Board of Appeal to alter this rate, representing as it does a policy decision of Government and affecting the Post and Telegraph and Railway Services where a similar right of appeal does not exist.

The Public Service Association has been advised that the Commissioners are prepared to consider representations regarding scales of salaries for General Division employees.

TEMPORARY EMPLOYEES.

At the date of last report it had not been possible to complete the review of the salaries of temporary officers. This has now been done. As far as possible all institutions have been visited and employees given an opportunity of making representations. Comparison has been made between the various districts not only within the Department, but also between different Departments. A uniform standard of payment has been instituted. It will be found that where there exists means of comparison with private and other institutions the comparison is not unfavourable to Service rates. The adoption of definite scales too should create a feeling of greater security for temporary officers.

SENIOR EXECUTIVE POSITIONS.

It becomes apparent that in several Departments there is necessity for some long-range planning in order to ensure that the best understudies are available to fill senior vacancies as they arise. Too frequently the filling of intermediate positions is made without regard for the fact that the appointee by virtue of the experience he thus obtains and the standing of the intermediate positions acquires a preference for the senior vacancies and is aggrieved if not appointed.

It is vital that relatively junior officers showing administrative promise should be educated for the senior appointments by a judicious variation of experience in those aspects of the work which are likely to prove of greatest value in the highest positions. Promotion by merit is largely nullified unless the avenues of promotion are kept open so that the brilliant juniors may be given acceleration of advancement in order to permit their reaching responsible positions while still young enough to retain their keenness and virility.

As indicated, it is only by some system of long-range planning that an adequate supply of suitable officers for senior executive positions will be maintained. The Permanent Head of a Department should be the first to recognize that if his staff lacks the promising material for senior control it is the function of the Commissioners, on request, to supply such a lack from other Departments.

LOYALTY TO A DEPARTMENT.

It is noted that with the increased number of vacancies arising for senior positions some officers expect to move from one position to another without regard for the welfare of the Department. A new position is often regarded as a mere

stepping-stone to a higher one instead of one demanding a contribution by way of service before the question of moving on is even considered. A formula to apply the corrective is not easy to find, but the facts point to the necessity for at least some reasonable minimum period in a new position before an officer should be considered for further advancement.

EFFICIENCY OF THE SERVICE.

The inspections made in connection with the general regrading by the Commissioners and by the Inspectors attached to this Office afforded an excellent opportunity of ascertaining whether the efficiency of the Service was being maintained to the extent claimed in former reports. We are pleased to be able to report that the efficiency of the Service, in our opinion, has never been higher than at the present time.

The sudden and abnormal expansion of many Departments following upon the lifting of the depression placed an extraordinarily heavy strain on the personnel, administrative, executive, and rank and file alike. In many instances Departments were confronted with new and enlarged activities involving problems of a complexity never previously experienced. The difficulties would have been of considerable magnitude with an adequate supply of fully-trained officers, but with staffs at an irreducible minimum it was necessary to face the new tasks with a large proportion of young and untried officers, with the result that the experienced officers were compelled to carry unduly heavy burdens. The manner in which the Service has risen to the occasion speaks volumes for the efficiency, resourcefulness, and self-sacrifice of the officers concerned. The new staffs have now become fairly well versed in their duties and the strain on the older officers has consequently eased to some extent. It is pleasing to be able to record, however, that the Service has proved its ability to cope with difficult and unusual situations and to administer the policy of Government in an earnest and impartial frame of mind.

ADMINISTRATIVE CHANGES.

Since the issue of the last report the following changes in administrative officers have taken place :—

Agriculture Department : Mr. E. J. Fawcett, M.A., was appointed on 1st February, 1938, to the position of Assistant Director-General.

External Affairs and Cook Islands Department : Mr. C. A. Berendsen, C.M.G., LL.M., Secretary for External Affairs, and Permanent Head, Prime Minister's Department, was, in addition, appointed on 1st January, 1938, to the position of Secretary for the Cook Islands.

Land and Income Tax Department : Mr. C. E. J. Dowland, Commissioner of Taxes, retired on 30th November, 1937. Mr. J. M. Park, Deputy Commissioner of Taxes, was appointed to succeed Mr. Dowland.

National Provident and Friendly Societies Department : Mr. R. Sinel's appointment as Registrar of Friendly Societies and Superintendent of the National Provident Fund was confirmed as from 1st April, 1937.

DEPARTMENTAL OFFICERS ABROAD ON DUTY.

During the year the following officers proceeded abroad for the purposes stated :—

Andrews, Miss L. M., Shorthand-typist, Internal Affairs Department, Wellington : To Australia with Minister of Internal Affairs.

Banwell, E. J., Technical Assistant, Scientific and Industrial Research Department, Christchurch : To Australia to purchase equipment.

Boyes, J. H., Public Service Commissioner : To Rarotonga on inspection visit.

Bridgeman, G. F. T., Artist, Motion-picture Studios, Miramar : To Australia to attend to exhibits at Sydney Exhibition.

Cockayne, A. H., Director-General of Agriculture, Wellington : To Australia to attend meeting of Australian Agricultural Council at Canberra ; thereafter to Canada and England on various matters affecting the Department.

- Cunningham, I. J., Research Officer on Animal Nutrition, Agriculture Department, Wallaceville : To Melbourne to attend general meeting of the Australian Veterinary Association as New Zealand delegate.
- Drake, C. J., Chief Clerk and Secretary, Health Department, Wellington : Temporarily transferred to High Commissioner's Office, London.
- Johnson, F., Assistant Secretary, Industries and Commerce Department, Wellington : Whilst in Australia on annual leave to make calls on manufacturers in New Zealand interests.
- Millar, H. M., Electrical Engineer, Public Works Department, Wellington : To Samoa to inspect hydro-electric plant at Apia.
- Moston, H. E., Assistant Secretary, Labour Department, Wellington : To Geneva as delegate to Conference of International Labour Organization ; subsequently to make investigations in England and the United States of America.
- Poulton, E. N. G., Private Secretary to Minister of Internal Affairs, Wellington : To Australia with Minister.
- Roberts, S., Inspector, Public Service Commissioners' Office, Wellington : To Samoa, Niue, and Rarotonga on inspection duties.
- Ross, A. B., Assistant Secretary, External Affairs and Cook Islands Department, Wellington : To Samoa, Niue, and Rarotonga on inspection duties.
- Russell, J., Deputy Director-General, Mental Hospitals Department, Wellington : To Australia to interview applicants for positions as Medical Officers.
- Schmitt, L. J., General Manager, Industries and Commerce, Tourist and Publicity Department, Wellington : To Australia on departmental matters.
- Smith, H. D., Commissioner of Pensions, Wellington : To Australia in connection with negotiations for reciprocity between New Zealand and Australia in payment of pensions.
- Thomas, J. E., Fruit Officer, Primary Products Marketing Department, Wellington : To Australia to visit fruit-packing sheds in connection with fruit imports.
- Travers, E., Stores Manager, Public Works Department, Wellington : To Sydney to place bulk order for structural steel.
- Wood, J., Engineer-in-Chief and Under-Secretary, Public Works Department, Wellington : To Australia to investigate certain matters of engineering practice, particularly irrigation, construction, and large-scale bridging.

EDUCATIONAL AND TRAINING LEAVE ABROAD.

During the year the following officers were granted leave of absence to enable them to proceed abroad for educational and training purposes :—

- Buchanan, Dr. H. M., Medical Superintendent, Mental Hospitals Department, Auckland : To visit mental hospitals, &c., in England.
- Carey, L. B., Draughtsman, Public Works Department, Wellington : To train in Vickers Electrical Works, England, in connection with electrical draughting, &c.
- Irwin, Dr. B. T. W., Medical Officer of Health, Wellington : To further studies in England, Europe, and North America.
- Kean, R. C., Chief Inspector of Aircraft, Wellington. An exchange has been arranged between Mr. Kean and an officer of the Aeronautical Inspection Directorate of the Air Ministry, Mr. Kean to have one year's service in England and six weeks with the Bureau of Air Commerce in America.
- Muggeridge, J., Government Entomologist, Scientific and Industrial Research Department, Nelson : To Central Europe to study parasites for the diamond-back moth.
- Oliver, Dr. W. R. B., Director, National Art Gallery and Dominion Museum, Internal Affairs Department, Wellington : To visit museums in America and Europe on a grant from the Carnegie Corporation of New York.
- Petersen, Miss D. E., District Health Nurse, Health Department, Tokaanu : To visit Canada and America to gain further experience in public-health work.
- Reid, W., Plant Bacteriologist, Scientific and Industrial Research Department, Palmerston North : To Great Britain to further bacteriological studies.
- Sanderson, K. C., Radio Operator, Broadcasting Department, Auckland : To study television and broadcasting abroad.

OFFENCES BY OFFICERS.

Offences and irregularities are dealt with in accordance with the provisions of section 12 and 13 of the Public Service Amendment Act, 1927.

The decisions arrived at of the principal classes of cases dealt with during the year are as follow :—

- | | | |
|---------------------------------|----|---|
| (a) Misappropriations (3) | .. | Forfeited office (2) ; dismissed (1). |
| (b) Unsatisfactory work (4) | .. | Appointment annulled (3) ; transferred and reduced (1). |
| (c) Unsatisfactory conduct (11) | .. | Dismissed (4) ; salary reduced (2) ; transferred and reduced (1) ; allowed to retire (2) ; severely reprimanded (1) ; resignation accepted (1). |

DEPARTMENTAL OFFICERS ON LOAN WITH OTHER ADMINISTRATIONS.

The following officers of the New Zealand Public Service are on duty with the Administration named :—

Administration.	Name.	Department from which loaned.
High Commissioner's Office (including officers on duty in England, but not attached to High Commissioner's Office)	Taylor, F. H. ..	Agriculture.
	Were, G. V. ..	"
	Foy, H. A. ..	"
	Miller, R. J. ..	Audit.
	McLachlan, A. P. ..	"
	Webster, C. K. ..	"
	Lawrence, F. W. ..	Customs.
	Brebner, T. O. W. ..	"
	Lishman, G. D. ..	Industries and Commerce, Tourist and Publicity.
	Reid, A. N. ..	Ditto.
	Campbell, R. M. ..	Internal Affairs.
	Jervis, D. M. ..	"
	Mitchinson, Miss E. ..	"
	Clendon, Miss E. K. ..	"
	Sandford, F. T. ..	Labour.
	McKenzie, Miss J. R. ..	Prime Minister's.
	Wright, N. L. ..	Scientific and Industrial Research.
	Hamilton, W. M. ..	"
	Sunley, R. M. ..	Treasury.
	Hope, G. R. J. ..	"
Samoa (including officers on duty in Samoa but not attached to Administration)	Hepburn, P. J. ..	Audit.
	Harper, D. E. ..	"
	Moorhouse, A. F. ..	Customs.
	Clendon, Miss N. C. ..	Education.
	McKay, C. G. R. ..	External Affairs.
	Quin, C. E. H. ..	"
	Murphy, E. F. ..	"
	Wright, J. B. ..	"
	Turnbull, A. C. ..	Internal Affairs.
	Kay, R. V. ..	"
	Malone, R. A. ..	Labour (Employment Division).
	Horrax, J. S. ..	Mines.
	Wynyard, W. ..	Public Trust.
	Grattan, F. J. H. ..	"
	Mulvey, J. G. ..	"
	Gibb, A. ..	"
	Jones, D. M. ..	Public Works.
	Wadsworth, J. ..	Scientific and Industrial Research.
	Sapsford, H. B. ..	"
	Austin, J. M. ..	"
	Ayers, A. B. ..	"
Cook Islands	Tremewan, C. W. ..	"
	Sutch, E. J. ..	State Advances.
	Walker, J. ..	Treasury.
	Goodwin, W. T. ..	Agriculture.
	McMahon-Box, J. P. ..	Customs.
	Smith, S. J. ..	External Affairs.
	Larsen, C. H. W. ..	"
	Jones, S. W. ..	Internal Affairs.
	Luckham, A. A. ..	Justice and Prisons.
	Gray, A. G. ..	Labour (Employment Division).
	Empen, H. J. ..	Native.
	Morgan, H. J. ..	"
Secretariat to League of Nations Falkland Islands	Jackson, J. D. ..	Public Works.
	Chapman, J. H. ..	Customs.
	Weir, D. S. A. ..	Agriculture.

CONFERENCES.

The following conferences were held during the year :—

Department.	Branch.	Subject.
Agriculture	Horticulture Division ..	To discuss report on fruit.
	Live-stock Division ..	To discuss meat-inspection and veterinary matters.
	Fields Division ..	Four conferences to discuss field matters generally.
	Dairy Division ..	To discuss laboratory methods as applied to dairy industries.
Audit	Audit Inspectors ..	To discuss accounting and audit procedure.
Education	Inspectors	General matters—abolishing of proficiency, &c.
Health	District Dental Superintendents	To discuss dental matters in general.
	Nurse Inspectors ..	To discuss changes proposed as a result of the visit of the Director, Division of Nursing abroad.
Industries and Commerce, Tourist and Publicity	District Officers, Industries and Commerce Section	General matters.
	Government Tourist Managers	General matters.
Mines	Inspectors	Inspectors of coal-mines <i>re</i> regulations under Coal-mining Act.
National Commercial Broadcasting	Station Accountants ..	To discuss organization of accounts, &c.
	Station Engineers ..	To discuss station engineering matters, &c.
	Station Directors ..	To discuss general matters affecting policy, organization, &c.
Transport	Chief Traffic Inspectors ..	To discuss traffic arrangements and general.

CONCLUSION.

The Commissioners again desire to express their appreciation for the loyal co-operation of Permanent Heads and other principal officers, and, in particular, their own immediate staff. The harmonious relations existing between the representatives of the New Zealand Public Service Association and this office have again been well maintained during the past year.

All of which is respectfully submitted for Your Excellency's gracious consideration.

J. H. BOYES, Public Service Commissioner.

T. MARK, Public Service Commissioner.

Office of the Public Service Commissioners, 12th July, 1938.

TABLE I.—PUBLIC SERVICE LIST, 31ST MARCH, 1937.—GENERAL SUMMARY OF CLASSIFICATION BY DEPARTMENTS (EXCLUDING OFFICERS IN ADMINISTRATIVE DIVISION).

Department.	Number of Officers.	Total Salaries, Year ending 31st March, 1937.	Classification Salaries, Year ending 31st March, 1938.	Scale Increase.
		£	£	£
Agriculture	533	191,933	204,461	12,528
Appointed, 1/4/37	4	..	1,120	..
On loan	6	..	..	..
On leave	4	..	..	..
Air	9	2,655	3,020	365
Audit	181	59,805	63,765	3,960
Broadcasting	90	27,049	29,710	2,661
Census and Statistics	65	15,845	17,380	1,535
Crown Law	7	4,820	4,955	135
Customs	369	110,765	118,150	7,385
On loan	2	..	..	..
On leave	1	..	..	..
Defence	28	8,570	9,020	450
Education	279	99,107	102,839	3,732
Appointed, 1/4/37	1	..	80	..
External Affairs and Cook Islands	8	2,200	2,395	195
On loan	5	..	..	..
Government Insurance	112	35,220	37,495	2,275
On loan	1	..	..	..
Health	430	114,371	119,160	4,788
On leave	1	..	..	..
Industries and Commerce, Tourist and Publicity	148	40,329	43,520	3,190
Appointed, 1/4/37	2	..	385	..
Internal Affairs	211	58,217	62,038	3,820
On loan	8	..	..	..
On leave	3	..	..	..
Justice and Prisons	543	161,230	170,565	9,335
On loan	1	..	..	..
Labour	329	79,025	87,625	8,599
Appointed, 1/4/37	3	..	390	..
On loan	1	..	..	..
On leave	1	..	..	..
Land and Deeds	120	38,670	40,510	1,840
Land and Income Tax	324	72,440	79,440	7,000
Appointed, 1/4/37	5	..	435	..
Lands and Survey	543	168,815	180,985	12,170
On loan	2	..	..	..
Marine	173	60,682	64,420	3,737
Mental Hospitals	1,481	306,554	333,930	27,375
Appointed, 1/4/37	27	..	4,115	..
On leave	7	..	..	..
Mines	57	19,215	20,420	1,204
On loan	1	..	..	..
On leave	1	..	..	..
National Provident, Friendly Societies, and Government Actuary's	35	9,255	10,050	795
On loan	1	..	..	..
Native	154	44,050	48,425	4,375
Appointed, 1/4/37	1	..	80	..
On loan	2	..	..	..
Navy Office	19	3,525	4,060	535
Pensions	157	34,315	37,450	3,135
Police	8	2,780	2,940	160
Primary Products Marketing	30	9,051	9,760	709
Prime Minister's	5	2,110	2,210	100
On loan	2	..	..	..
Printing and Stationery	261	75,373	79,705	4,331
Appointed, 1/4/37	1	..	80	..
Public Service Commissioners'	10	3,665	4,140	475
Public Service Superannuation	8	1,940	2,135	195
Public Trust	758	232,220	250,485	18,265
Appointed, 1/4/37	1	..	80	..
On loan	1	..	..	..
On leave	1	..	..	..
Public Works	826	265,137	288,612	23,474
Appointed, 1/4/37	9	..	3,550	..
On loan	2	..	..	..
Scientific and Industrial Research	121	44,675	49,295	4,620
On leave	1	..	..	..
Stamp Duties	75	22,230	23,365	1,135
State Advances	304	92,375	100,375	8,000
Appointed 1/4/37	11	..	2,435	..
On loan	1	..	..	..
State Fire Insurance	139	41,590	44,490	2,900
State Forest	100	33,475	36,510	3,035
On leave	1	..	..	..
Transport	35	9,450	10,315	865
Treasury	77	22,375	24,255	1,880
On loan	3	..	..	..
Valuation	84	27,780	29,400	1,620
Totals	9,246	2,654,892	2,853,780	198,887
Appointed, 1/4/37	65	..	12,750	..
On loan	39	..	..	..
On leave	21	..	..	..
Totals, 31/3/37*	9,246	2,654,892	..	..
Totals, 31/3/38*	9,311	..	2,866,530	..
Native-school teachers	342	79,455	..	..
On loan	1	..	..	..
On leave	1	..	..	..
Vacant, 1/4/37	64	..	..	..

* Excluding 39 officers on loan and 21 on leave without pay.

NOTE.—Fractions of £1 are not taken into consideration in table.

TABLE II.—PUBLIC SERVICE LIST, 31ST MARCH, 1937.—GENERAL SUMMARY OF CLASSIFICATION BY CLASSES (EXCLUDING OFFICERS IN ADMINISTRATIVE DIVISION).

Class (excluding Administrative).	Number of Officers.	Total Salaries, Year ending 31st March, 1937.	Classification Salaries, 31st March, 1938.	Scale Increase.
Professional—		£	£	£
Over scale	73	60,973	67,508	6,534
Special	122	81,531	85,315	3,783
I	142	78,920	83,065	4,145
I (on loan)	1	..	..	..
II	103	48,760	51,695	2,935
III	66	28,070	30,270	2,200
III (appointed, 1/4/37)	3	..	1,410	..
III (on loan)	1	..	..	..
III (on leave)	1	..	..	..
IV	40	14,995	16,525	1,530
IV (on loan)	1	..	..	..
V	57	18,965	20,765	1,800
V (on leave)	2	..	..	..
VI	35	9,530	11,485	1,955
VI (on leave)	1	..	..	..
VII (£296-£305)	16	3,505	4,880	1,375
VII (£265-£295)	14	3,345	3,920	575
VII (appointed, 1/4/37)	2	..	560	..
VII (£235-£264)	4	840	1,020	180
VII (appointed, 1/4/37)	3	..	765	..
VII (£210-£234)	2	310	460	150
VII (£176-£209)	..	..	..	..
VII (£175 and under)	5	540	715	175
Clerical—				
Over scale	20	16,330	17,370	1,040
Special	96	65,265	67,740	2,475
Special (on loan)	5	..	..	..
Special (on leave)	1	..	..	..
I	154	85,440	89,460	4,020
I (on leave)	1	..	..	..
II	138	66,820	69,770	2,950
II (on leave)	1	..	..	..
III	244	107,135	111,725	4,590
III (on loan)	1	..	..	..
IV	284	112,280	117,375	5,095
IV (appointed, 1/4/37)	2	..	825	..
IV (on loan)	2	..	..	..
V	491	170,675	179,750	9,075
V (appointed, 1/4/37)	1	..	380	..
V (on loan)	3	..	..	..
VI	1,092	341,600	358,450	16,850
VI (appointed, 1/4/37)	1	..	335	..
VI (on loan)	7	..	..	..
VII (£296-£305)	526	142,855	160,430	17,575
VII (appointed, 1/4/37)	3	..	915	..
VII (on loan)	8	..	..	..
VII (on leave)	3	..	..	..
VII (£265-£295)	198	45,620	55,440	9,820
VII (appointed, 1/4/37)	1	..	280	..
VII (on loan)	2	..	..	..
VII (£235-£264)	73	15,430	18,615	3,185
VII (£210-£234)	14	2,580	3,220	640
VII (appointed, 1/4/37)	1	..	230	..
VII (£176-£209)	199	27,906	37,400	9,494
VII (on leave)	1	..	..	..
VII (£175 and under)	1,205	108,455	132,690	24,235
VII (appointed, 1/4/37)	16	..	1,315	..
VII (on leave)	1	..	..	..
General—				
I (£471-£765)	158	81,977	85,890	3,913
I (on loan)	3	..	..	..
II (£351-£470)	625	235,859	248,756	12,897
II (appointed, 1/4/37)	2	..	730	..
II (on loan)	1	..	..	..
II (on leave)	1	..	..	..
III (£306-£350)	352	108,266	114,502	6,235
III (on loan)	1	..	..	..
IV (£296-£305)	176	50,197	53,585	3,387
IV (appointed, 1/4/37)	2	..	610	..
IV (on loan)	1	..	..	..
V (£265-£295)	768	201,118	215,459	14,340
V (appointed, 1/4/37)	1	..	280	..
VI (£235-£264)	640	145,831	158,467	12,635
VI (appointed, 1/4/37)	7	..	1,715	..
VI (on loan)	1	..	..	..

TABLE II.—PUBLIC SERVICE LIST, 31ST MARCH, 1937.—GENERAL SUMMARY OF CLASSIFICATION BY CLASSES (EXCLUDING OFFICERS IN ADMINISTRATIVE DIVISION)—*continued*.

Class (excluding Administrative).	Number of Officers.	Total Salaries, Year ending 31st March, 1937.	Classification Salaries, 31st March, 1938.	Scale Increase.
General— <i>continued</i> .		£	£	£
VII (£210–£234)	165	34,539	35,773	1,233
VII (on loan)	1	..	..	..
VII (on leave)	2	..	..	..
VIII (£176–£209)	180	34,097	35,551	1,454
IX (£175 and under)	704	85,948	89,837	3,888
IX (appointed, 1/4/37)	20	..	2,400	..
IX (on leave)	6	..	..	..
Educational—				
I (£471–£765)	4	2,225	2,285	60
II (£351–£470)	8	3,034	3,109	75
III (£306–£350)	3	971	983	12
IV (£296–£305)	9	2,686	2,710	24
V (£265–£295)	11	3,031	3,122	91
VI (£235–£264)	9	2,098	2,175	77
VII (£210–£234)	18	3,798	3,943	145
VIII (£176–£209)	..	..	..	..
IX (£175 and under)	3	540	575	35
Totals	9,246	2,654,892	2,853,780	198,887
Appointed, 1/4/37	65	..	12,750	..
On loan	39	..	..	..
On leave	21	..	..	..
Totals, 31/3/37*	9,246	2,654,892	..	..
Totals, 31/3/38*	9,311	..	2,866,530	..
Native-school teachers	342	79,455	..	..
On loan	1	..	..	..
On leave	1	..	..	..
Vacant, 1/4/37	64	..	..	..

* Excluding 39 officers on loan and 21 on leave without pay.

NOTE.—Fractions of £1 are not taken into consideration in totals.

TABLE III.—SHOWING ALTERATIONS IN STAFFS AND SALARIES OF DEPARTMENTS BETWEEN CLASSIFIED LIST FOR 1936-37 AND 31st MARCH, 1937.

Classified List, 1936-37.			Increase.																Decrease.								Net Increase or Decrease, Columns 1 to 13 inclusive.		At 31st March, 1937.		Departments.									
Departments.	Number of Officers.	Total Classified Salaries.	Additions to Salary in Terms of Finance Act, 1936.	(1) Additions to Salary on Promotion, &c. (within Department).		By Transfer from other Departments or from Unclassified Positions.		By New Entrants.				Appointments from Outside the Service.		Temporary Employees made Permanent.		Total Increase, Columns 1 to 7 inclusive.		(8) By Reduction in Salary.		(9) By Transfer to other Departments or to Unclassified Positions.		(10) By Death.		(11) By Retirement on Superannuation or Pension.		(12) By Resignation.		(13) By Dismissal (including Cases where Services dispensed with).		Total Decrease, Columns 8 to 13 inclusive.		Number of Officers.	Total Classified Salaries.							
				Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.									
Agriculture ..	521	179,829	16,128	28	949	3	1,120	3	350	24	4,760	19	4,860	..	..	9	2,480	58	14,520	2	30	26	10,460	2	665	10	4,720	8	2,670	..	..	46	18,545	-12	-4,025	533	191,933	Agriculture.		
Air ..	..	..	..	..	..	..	..	9	2,655	..	..	..	..	..	..	..	..	9	2,655	..	..	..	..	..	..	..	..	..	..	..	..	..	9	2,655	..	..	9	2,655	Air.	
Audit ..	173	56,442	4,927	4	80	6	880	4	750	12	960	2	160	..	..	..	..	24	2,830	..	..	9	2,400	1	295	1	615	5	1,085	..	..	16	4,395	-8	-1,565	181	59,805	Audit.		
Broadcasting ..	..	..	..	..	..	1	295	3	240	..	..	86	26,514	..	..	..	..	90	27,049	..	..	..	..	..	..	..	..	..	..	..	..	..	..	90	27,049	..	..	90	27,049	Broadcasting.
Census and Statistics ..	66	15,730	1,235	..	..	1	295	1	190	5	400	..	..	..	..	..	..	7	885	..	..	7	1,730	..	..	..	1	275	..	..	8	2,005	-1	-1,120	65	15,845	Census and Statistics.			
Crown Law ..	7	4,353	501	..	..	..	..	1	80	..	..	..	..	..	..	..	..	1	80	..	..	..	..	..	..	..	1	115	..	..	1	115	..	..	35	7	4,820	Crown Law.		
Customs ..	345	100,087	8,137	22	505	2	310	4	830	20	1,750	5	540	..	..	..	..	31	3,935	..	..	..	1	295	1	565	5	535	..	..	7	1,395	-24	-2,540	369	110,765	Customs.			
Defence ..	33	9,089	770	2	45	..	..	2	305	1	80	2	850	..	..	..	..	5	1,280	..	..	9	2,475	..	..	..	1	95	..	..	10	2,570	-5	-1,290	28	8,570	Defence.			
Education ..	270	90,490	7,642	36	916	3	525	..	..	22	3,825	12	1,955	1	190	1	228	39	7,639	..	..	12	2,585	..	..	3	1,140	15	2,940	..	..	30	6,665	-9	-974	279	99,107	Education.		
External Affairs and Cook Islands	6	1,659	120	..	..	..	..	1	250	1	320	1	80	..	..	..	..	3	650	..	..	..	230	..	..	..	..	..	..	..	1	230	-2	-420	8	2,200	External Affairs and Cook Islands.			
Government Insurance	111	32,649	2,810	1	20	..	..	..	..	3	240	2	160	..	..	..	..	5	420	..	..	2	230	..	..	1	335	1	95	..	..	4	660	-1	-240	112	35,220	Government Insurance.		
Health ..	390	101,686	6,872	43	2,785	2	1,118	4	900	8	1,620	57	6,165	1	300	2	635	74	13,523	..	..	4	565	1	380	5	1,270	24	5,495	..	..	34	7,710	-40	-5,813	430	114,371	Health.		
Industries and Commerce, Tourist and Publicity	123	33,907	2,687	5	120	6	1,195	13	2,940	5	400	8	1,005	..	..	..	..	32	5,660	..	..	4	1,411	..	..	1	140	2	375	..	..	7	1,926	-25	-3,734	148	40,329	Industries and Commerce, Tourist and Publicity.		
Internal Affairs	151	43,491	3,130	5	79	..	..	6	1,795	1	80	2	160	..	..	1	400	10	2,514	..	..	3	755	2	480	..	..	1	515	..	..	6	1,750	-4	-764	155	47,386	Internal Affairs.		
Internal Affairs Relieving Staff	75	13,883	771	2	20	1	250	4	860	1	80	16	1,378	..	..	..	..	22	2,588	..	..	39	6,081	..	..	..	2	330	..	..	41	6,411	-19	-3,823	56	10,831	Internal Affairs Relieving Staff.			
Justice and Prisons ..	542	151,037	12,892	32	775	3	540	3	830	16	1,425	3	520	7	1,740	1	235	33	6,065	..	..	11	2,835	3	1,185	5	1,605	13	3,140	..	..	32	8,765	-1	-2,700	543	161,230	Justice and Prisons.		
Labour ..	214	57,022	4,748	35	955	7	1,970	52	12,175	21	2,655	65	8,300	1	285	1	295	147	26,635	..	..	29	8,460	1	335	1	490	1	95	..	..	32	9,380	-115	-17,255	329	79,025	Labour.		
Land and Deeds ..	119	37,293	3,311	1	45	1	80	..	..	7	560	2	160	..	..	..	..	10	845	..	..	7	1,450	..	..	2	1,330	..	..	..	..	9	2,780	-1	-1,935	120	38,670	Land and Deeds.		
Land and Income Tax	201	52,093	4,051	5	95	..	..	25	7,905	31	2,480	97	9,115	..	..	..	..	153	19,595	..	..	18	1,780	1	255	..	..	11	1,265	..	..	30	3,300	-123	-16,295	324	72,440	Land and Income Tax.		
Lands and Survey ..	596	178,254	15,365	18	616	6	1,310	7	965	32	2,990	19	3,114	..	..	9	2,835	73	11,830	2	80	114	33,670	1	295	4	1,420	7	1,170	..	..	126	36,635	-53	-24,805	543	168,815	Lands and Survey.		
Marine ..	166	55,820	4,670	9	241	1	80	1	445	16	3,324	2	380	..	..	3	795	23	5,265	..	..	7	1,995	1	590	3	1,123	3	920	2	445	16	5,073	-7	-192	173	60,682	Marine.		
Mental Hospitals ..	1,085	235,707	12,444	205	2,623	4	1,345	1	250	283	38,986	246	41,102	..	..	..	..	534	84,306	7	10	8	1,660	6	2,680	6	1,765	111	18,553	7	1,235	138	25,903	-396	-58,402	1,481	306,554	Mental Hospitals.		
Mines ..	51	16,585	1,418	8	411	1	295	1	95	7	1,720	3	890	..	..	..	..	12	3,411	..	..	2	230	1	400	2	1,235	1	335	..	..	6	2,200	-6	-1,211	57	19,215	Mines.		
National Provident, Friendly Societies, and Government Actuary's	34	8,881	723	4	80	..	..	..	..	3	240	1	80	..	..	..	..	4	400	..	..	..	..	..	..	1	380	2	370	..	..	3	750	-1	-350	35	9,255	National Provident, Friendly Societies, and Government Actuary's.		
Native ..	141	39,363	3,261	7	160	1	190	7	2,090	6	480	6	480	..	..	2	485	22	3,885	..	..	8	2,250	..	..	..	..	1	210	..	..	9	2,460	-13	-1,425	154	44,050	Native.		
Navy Office ..	..	..	..	..	..	..	..	19	3,525	..	..	..	..	..	..	..	..	19	3,525	..	..	..	..	..	..	..	..	..	..	..	..	..	19	3,525	..	..	19	3,525	Navy Office.	
Pensions ..	116	28,866	2,368	5	275	..	..	7	1,335	16	1,280	29	2,320	..	..	..	..	52	5,210	..	..	9	1,955	..																

TABLE IV.—TEMPORARY EMPLOYEES OTHER THAN WORKMEN, ETC., AS AT 1ST APRIL, 1937.

Department.	Male Clerks.	Sorters.	Female Clerks.	Short-hand-typists, Typists, and Machinists.	Office Assistants.	Draughtsmen and Computers.	Draughtswomen and Tracers.	Engineers and Engineers' Assistants.	Inspectors and Instructors.	Milk-testers.	Overscers and Foremen.	Medical Officers.	Storekeepers and Storemen.	Miscellaneous.
Agriculture	13	3	..	29	12	..	..	..	134	13	4	..	..	56
Audit	..	..	3	1	..	..	..	..	..	..	..	..	..	..
Broadcasting	1	..	..	22	..	..	..	2	..	..	..	..	..	12
Census and Statistics	25	..	..	44	..	..	..	..	..	..	..	..	..	..
Crown Law	..	..	..	2	..	..	..	..	..	..	..	..	..	1
Customs	3	..	..	16	..	..	..	..	..	..	..	..	..	1
Defence	19	..	..	7	10	..	..	..	..	..	..	..	52	33
Education	12	4	14	32	18	..	..	..	4	..	..	..	1	60
External Affairs and Cook Islands	..	1	..	1	..	..	..	..	..	..	..	..	..	1
Government Insurance	..	..	..	14	16	..	..	..	..	..	..	..	..	..
Health	8	2	6	12	5	..	..	2	6	..	..	13	..	118
Industries and Commerce, Tourist and Publicity	6	..	..	34	23	..	..	2	5	..	..	1	1	63
Internal Affairs	5	4	..	99	20	..	..	..	1	..	..	..	..	26
Justice and Prisons	12	2	1	39	4	..	..	..	11	..	2	..	..	43
Labour	167	20	..	72	354	..	..	7	14	..	..	..	..	49
Land and Deeds	..	1	..	11	1	1	12	..	..	..	..	..	..	..
Land and Income Tax	..	4	..	11	44	..	..	..	..	..	..	..	..	..
Lands and Survey	9	11	..	67	4	12	..	..	12	..	22	..	3	4
Marine	..	..	..	8	3	..	..	..	..	..	..	..	..	3
Mental Hospitals	1	..	..	14	5	..	..	5	..	..	..	5	4	5
Mines	1	..	..	7	3	..	..	..	..	..	1	..	1	1
National Commercial Broadcasting	6	..	..	8	6	..	..	17	..	..	..	..	..	29
National Provident, Friendly Societies, and Government Actuary's	3	..	..	3	12	..	..	..	..	..	..	..	..	..
Native	20	3	..	34	11	..	..	..	..	..	30	..	..	7
Navy Office	..	..	..	..	..	..	..	..	..	..	..	..	..	1
Pensions	26	2	..	39	32	..	..	..	..	..	..	..	..	2
Police	..	..	..	..	..	..	..	..	..	..	..	..	1	..
Primary Products Marketing	23	..	..	19	5	..	..	..	1	..	..	..	4	33
Printing and Stationery	..	..	..	5	1	1	..	..	..	..	..	..	..	2
Public Service Superannuation	..	..	..	1	3	..	..	..	..	..	..	..	..	..
Public Trust	11	3	..	202	6	..	..	..	2	..	..	..	..	4
Public Works	83	1	..	116	7	102	..	118	2	..	441	..	136	102
Scientific and Industrial Research	4	..	..	14	5	..	..	..	..	..	4	..	..	67
Stamp Duties	..	..	..	9	1	..	..	..	..	..	..	..	..	1
State Advances	17	46	..	87	30	9	..	..	..	..	10	..	..	29
State Fire Insurance	1	..	..	36	15	..	..	..	..	..	..	..	..	..
State Forest	3	..	..	17	..	3	..	1	..	..	40	..	..	15
Transport	1	2	..	12	1	..	..	..	47	..	..	..	..	..
Treasury	..	2	..	9	9	..	..	..	..	..	..	..	..	..
Valuation	3	1	..	28	6	..	3	..	..	..	..	..	..	1
Totals	483	112	24	1,181	672	128	15	154	239	13	554	19	203	779

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